DOCUMENT RESUME

ED 408 472 CE 074 273

TITLE	How To Prepare for Welfare Changes. Policy Update.
INSTITUTION	National Inst. for Literacy, Washington, DC.
PUB DATE	97
NOTE	13p.
PUB TYPE	Opinion Papers (120)
EDRS PRICE	MF01/PC01 Plus Postage.
DESCRIPTORS	*Access to Education; *Adult Basic Education; Economically Disadvantaged; Educational Demand; Enrollment Projections; *Federal Legislation; Federal State Relationship; *Literacy Education; *State Federal Aid; *Welfare Recipients; Welfare Services
IDENTIFIERS	*Temporary Assistance to Needy Families; Welfare Reform

ABSTRACT

This document consists of two issue briefs that provide information on the new federal welfare program, Temporary Assistance to Needy Families. Part I looks at these requirements of the new law: development of a state plan that describes how the state will ensure that welfare recipients are working within 2 years; determination of what activities will count as work; and enrollment of a rising percentage of families in work or work activities for at least 20 hours per week or loss of a part of their block grant. It describes their potential impact on the adult education and literacy field and suggests actions that can be taken now to prepare effectively for the changes and minimize potential problems. Two fact sheets on welfare reform and education and employment and income of welfare recipients are attached. Part II focuses on an increased demand for adult basic education (ABE) and literacy that could result from the welfare reform law. Section 1 provides an overview of four developments that have opened the door for expanded access to ABE and literacy programs for welfare recipients: governors support more flexibility for education; vocational education training questions are answered favorably; declining caseloads give states unexpected funding "surplus"; and a national survey finds renewed interest in education. Section 2 reviews the basic structure of the law and discusses its likely impact on the literacy field over the next 5 years, especially increased adult education enrollments. (YLB)

****
* Reproductions supplied by EDRS are the best that can be made *
* from the original document. *
****

ED 408 472

NATIONAL INSTITUTE FOR LITERACY

Policy Update

REPORT FROM WASHINGTON, D.C.

U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement
EDUCATIONAL RESOURCES INFORMATION CENTER (ERIC)

☐ This document has been reproduced as received from the person or organization originating it.

☐ Minor changes have been made to improve reproduction quality.

• Points of view or opinions stated in this document do not necessarily represent official OERI position or policy.

HOW TO PREPARE FOR WELFARE CHANGES

- PART I IN A SERIES -

October 28, 1996 -- The new welfare law, which took effect October 1, makes fundamental changes in government aid to the poor and in the nature of the federal-state financial relationship. These changes have far-reaching implications for the adult education and literacy field.

The new law will make it more difficult for adult education and literacy programs to provide instruction to adults who are trying to move off welfare and into work because it increases the demand for basic education services while narrowing the number of recipients who can participate in them. For recipients who enroll in basic education programs, time limits on aid mean educators must find ways to shorten completion times and more directly connect school to work.

Work requirements in the new law mean many states must immediately double, and in some cases triple, the percentage of families who participate in welfare-to-work programs. Most current JOBS participants are not now in work or work-related activities, so states must also dramatically change the shape of the welfare-to-work activities they provide.

The law gives great latitude to the states -- particularly Governors and state legislators -- in how to implement it, and there are a number of ways the adult education and literacy field can help shape the implementation to ensure that adults who now need basic education services more than ever will be able to participate in them. Adult educators may also need to restructure their services to respond to the new realities faced by families on welfare.

The purpose of this issue brief is to look at several major characteristics of the new law, describe their potential impact on the adult education and literacy field, and suggest actions you can take now to effectively prepare for the changes and minimize potential problems.

For more information, contact Alice Johnson at 202-632-1500, extension 31

CE074273

Defining the Role of Adult Education in the New System

The new law requires each state to develop a state plan that describes how it will ensure that welfare recipients are working within two years. The law explicitly says that each state must determine what activities will count as work for the purposes of this requirement.

In order to continue serving adults with basic skills' needs, it is crucial for the field to work with state level policymakers to ensure that adult education, literacy, and GED preparation activities count as work for the two year requirement in each state.

What You Can Do to Ensure Adult Education Counts as Work

The best way to make sure adult education, literacy, and GED preparation count as work in your state is to talk about the state plan with your Governor's office and your state welfare agency as soon as possible.

Each Governor is required to complete the state plan and submit it to the U.S. Department of Health and Human Services by July 1, 1997. However, the law offers strong financial incentives for the states to turn in their plans sooner, so in most states the Governor's office and state welfare agency are already collaborating to develop the plan. In some states, the plan is nearly complete, but it is not too late to have an impact, because the law requires a 45-day comment period.

A second important way to ensure that adult education, literacy, and GED preparation count as part of the work requirement is to make sure your state legislators understand why this is important. Under the new law, state legislatures will play an unprecedented role. Because federal dollars cannot flow to the states until *after* the state legislatures have agreed to appropriate those funds, it is more important than ever that members of state legislatures understand that education is the key that opens the door to long-term self-sufficiency for welfare recipients and their families.

More specifically, it is important for state level policymakers to recognize that participating in adult education activities greatly improves the likelihood that recipients will achieve long-term self-sufficiency. Adults with low education skills remain on welfare the longest while those with stronger education skills get off welfare more quickly. Specifically, two-thirds of welfare recipients who go off the rolls within two years have a high school diploma, while nearly two-thirds of those who spend more than five years on welfare

enter AFDC without a high school diploma. (*See attached fact sheet for more information.*)

Work Participation Rates

The new law also requires states to enroll a rising percentage of families in work or work activities for at least 20 hours a week or face losing a part of their block grant. In the first year, fiscal 1997, 25 percent of recipients must work. The percentage increases each year until fiscal 2002, when 50 percent of welfare recipients will be required to work at least 20 hours a week.

For single parents the requirements are as follows: 20 hours per week in 1997 and 1998, 25 hours per week by 1999, and 30 hours per week by 2000. This provision could lead to huge increases in enrollment in adult education and literacy programs in 1999 and beyond, because states ***can*** count adult education towards the work requirement for hours beyond the initial 20 required per week.

Participating in adult education activities greatly increases the likelihood that welfare recipients will achieve long-term self-sufficiency. Adults with low education skills remain on welfare the longest, while those with stronger education skills get off welfare more quickly.

The bill narrows the number of recipients who can participate in education and training at any one time by strictly defining "work" as unsubsidized or subsidized employment, community work experience, on-the-job-training, community service, or providing child care for another individual in community service. However, up to 20 percent of the adults who are working are allowed to count participation in "vocational educational training" as work.

The law leaves it up to each state to define "vocational educational training," so it is important to make sure your Governor and members of the state legislature include adult education, literacy, and GED preparation activities in the definition. This will allow programs that are now serving welfare recipients to continue serving them.

One problem with the "vocational educational training" requirement is that the 20 percent of adults who may count this toward the work requirement includes unmarried teen parents, who are *required* to participate in educational or job training as long as they are receiving welfare. In many states, this requirement could cause programs to displace students who are not teen parents in order to make room for the teen parents.

What You Can Do to Make Sure Current Students Are Not Displaced

Because the new law requires states to give priority to teens but does not provide any new funding, one way to avoid the problem of displacement is to explain the issue to state legislators and seek additional state funding for this purpose.

A second way of addressing this problem is through the new law's requirement that every recipient who is not working must be involved in community service within two months of beginning to receive aid (unless the Governor opts out of this requirement.) One approach is to ask the Governor to count adult education activities as community service. For instance, more advanced adult learners who are already participating in a basic education program -- including the 55 percent of welfare clients who do have a high school diploma -- could tutor less advanced learners, including teen parents. Or, in cases where teen parents are more advanced than learners who are already enrolled in your program, they themselves could serve as tutors.

As the new welfare law is implemented, it is vital that literacy practitioners take a close look at their programs to make sure they can continue to serve welfare recipients. The programs that will be most successful under the new law will be short, intense, and leading to work, or be done in combination with work. The adult education field must also help shape states' implementation of the new law to ensure that welfare recipients who need more than ever to improve their education skills will have this opportunity.

ADDITIONAL RESOURCES

- "Literacy and Dependency: the Literacy Skills of Welfare Recipients Living in the United States"
  (Available from the Educational Testing Service at 609/734-5694.)

- "A Brief Summary of Key Provisions of the Temporary Assistance for Needy Families Block Grant of H.R. 3734: The Personal Responsibility and Work Opportunity Reconciliation Act of 1996"
  (Available from the Center for Law and Social Policy at 202/328-5140.)

To be added to the Policy Update mailing list, please call 202/632-1500 and choose option 6.

FACT SHEET: Welfare Reform & Education

*Improving basic education and literacy skills is the **key** that unlocks the door to self-sufficiency for welfare recipients because:*

Welfare recipients generally have low education skills.

- Welfare recipients age 17-21 read, on average, at the sixth grade level. When teens drop *out* of school, they are likely to drop *in* to the welfare system.
- Almost 50 percent of adults on welfare do not have a high school diploma.

Welfare recipients with low education skills remain on welfare the longest; those with strong education skills get off welfare quickly.

- Over 60 percent of those who spend more than five years on welfare enter AFDC with less than a high school education.
- Over 65 percent of people on welfare who have a high school diploma or GED leave welfare and become self-sufficient within two years.

People with higher basic education and literacy skills work more than people with low literacy skills.

- Adult welfare recipients with low literacy skills work 11 weeks per year, on average, compared to 29 weeks for those with strong literacy skills.

(*Sources*: "Literacy and Dependency: The Literacy Skills of Welfare Recipients in the United States," Educational Testing Service, 1995; "Welfare Reform: An Analysis of the Issues," The Urban Institute, 1995; "Low Ranking for Poor American Children," New York Times, 8/14/95.)

For more information, contact the National Institute for Literacy at 202/632-1500.

FACT SHEET: Employment & Income of Welfare Recipients

The education level of adult welfare recipients is closely linked to their income level.

- Adults with low basic education and literacy skills earn the least. The average weekly wages of adult welfare recipients increase as their literacy skills improve.
- Workers who lack a high school diploma earn a mean monthly income of $452, compared to $1,829 for those with a bachelor's degree.
- Among adults with low literacy skills, 43 percent live in poverty and 17 percent receive food stamps. In contrast, among adults with strong literacy skills, less than five percent live in poverty and less than one percent receive food stamps.
- From 1982-1992, the earnings of those without a high school diploma dropped by 12 percent.

Helping adult welfare recipients improve their basic education and literacy skills improves our economic competitiveness.

- In a recent survey, 90 percent of Fortune 1000 executives expressed concern that low literacy is hurting their productivity and profitability.
- Forty million American adults can read some basic information, but cannot locate an intersection on a map or read a newspaper article. Until they improve their basic education and literacy skills, these adults cannot effectively compete for today's jobs.

(*Sources*: "Literacy and Dependency: The Literacy Skills of Welfare Recipients in the United States," Educational Testing Service, 1995; "Off Welfare, Into Work," Business Council for Effective Literacy, 1991; "Welfare Reform and Literacy: Are We Making the Connection?" National Center on Adult Literacy, 1994.)

For more information, contact the National Institute for Literacy at 202/632-1500.

NATIONAL INSTITUTE FOR LITERACY
Policy Update
REPORT FROM WASHINGTON, D.C.

HOW TO PREPARE FOR WELFARE CHANGES

- Part II in a Series -

Welfare Reform Law Could Increase Demand for Adult Basic Education and Literacy

March 14, 1997 – As states implement the welfare changes enacted last year, several unexpected developments are emerging that hold promise for maintaining – and possibly expanding – welfare recipients' access to education and training. The first section of this update provides an overview of four of these opportunities. The second section reviews the basic structure of the law and discusses its likely impact on the literacy field over the next five years.

I. WELFARE IMPLEMENTATION UPDATE

As states begin implementing the new welfare-to-work program, Temporary Assistance to Needy Families (TANF), four developments have opened the door for adult basic education and literacy programs to help more recipients get the skills they need for long-term self-sufficiency:

1. Recognizing that education is a key component of welfare reform for many recipients, the nation's Governors have collectively asked Congress and the Administration for flexibility to count *more* education activities toward meeting work participation rates required by federal law.

2. Congress and the Administration have answered questions surrounding the "vocational educational training" provisions in the manner supported by the literacy field.

3. Due to declines in caseloads, many states have an unexpected federal funding surplus that they can choose to use for education activities.

For more information, contact Alice Johnson at 202-632-1500, extension 31

4. Many states – including some that had initially turned away from education – are integrating adult education activities as a key component of their new welfare-to-work plans.

The extent to which our field seizes these opportunities will affect whether the 3.9 million adults now on welfare will have the skills they need to support themselves when their benefits expire permanently after five years of aid.

Governors Support More Flexibility for Education.

The nation's Governors recently demonstrated support for incorporating educational activities as part of their welfare-to-work plans. At their winter meeting, the Governors came out in support of more flexibility around the law's work requirement, stating:

"Governors are committed to a 'work first' approach that will quickly move recipients into employment while providing them with opportunities to develop skills that will lead to better paying jobs. Employers have indicated that they are willing to hire welfare recipients if they are 'job ready' – that is, if they are literate, have good communications skills, and understand the requirements of the workplace...The Governors recommend... greater flexibility to count basic educational activities toward the work requirement." (For a copy of the National Governors' Association Policy Statement, "H.R.-36 Implementation of Welfare Reform" contact the NGA at 202/624-5300.)

"Vocational Educational Training" Questions Are Answered Favorably.

The law encourages states to limit the number of recipients who can participate in education and training activities by only counting them toward the federal work requirement if they are included in a new category of activities called "vocational educational training." Even then, these activities count only for one year per individual, and for no more than 20 percent of recipients.

Until recently, it was not clear whether the 20 percent limit applied to the state's entire caseload or to the percentage required to be at work. States also did not know if – or how – the federal government would define "vocational educational training" through regulation. Congress and the Administration appear to be listening to the states on this issue: recent actions by both indicate that states – not the federal government – will define "vocational educational training" and that states can apply the 20 percent limit to the entire caseload. To count, however, programs will likely have to be combined with employment-related activities. States that choose to include education related to work as "vocational educational training," *can* include significantly more welfare recipients in adult education and literacy programs.

In Congress, the March 6 draft technical corrections bill for TANF does not restrict the term "vocational educational training," nor does it change the law to lower the 20 percent cap. Further, the U.S. Department of Health and Human Services recently issued a *Policy Guidance Announcement* to state agencies that administer TANF. The announcement makes clear that states can choose their own definitions of "vocational educational training" and allow 20 percent of the caseload to be in education and training and still count towards the work requirement. It states unequivocally that states will not be penalized in the future for their own reasonable interpretations of the law even if HHS later decides to regulate in those areas. *(For a copy of TANF Policy Announcement No. TANF-ACF-PA-97-1, contact the Office of Family Assistance at 202/401-9500.)*

Declining Caseloads Give States Unexpected Funding "Surplus."

TANF "locks in" federal welfare funding at approximately 1994 levels, based on each state's past funding for Aid for Families with Dependent Children (AFDC), Emergency Assistance, and the Job Opportunities and Basic Skills program. Because the new block grant amount is based on recession years, when almost every state's caseload was higher than it is now, most states are receiving *more* federal dollars this year under TANF than they would have received under AFDC. (AFDC funding was based on the size of each state's caseload.) In other words, most states are getting the same amount of money they got in 1994 while being asked to serve fewer recipients.

These additional funds *can* be used for education activities, or for any other cost associated with moving recipients into the workforce. Because the law includes no new funding for meeting work requirements, it is important for recipients that states choose to invest these "surplus" funds in welfare-to-work efforts. Decisions on how the funds will be spent will be made by Governors and state legislators.

The declines in welfare caseloads create another opportunity for adult education by easing the pressure on states to put recipients to work quickly. This is because of the "caseload reduction credit." States that have reduced their caseload since 1994 receive credit for meeting the TANF work requirements and must put fewer people to work.

For example, if a state's welfare caseload has fallen 10 percent since 1994, then the state has to place only 15 percent of its current caseload in eligible work activities, rather than 25 percent. By reducing the number of recipients who must be in work activities immediately, this credit creates a greater opportunity for states to improve the skills of those who will be required to work in the future. Again, the decision about whether or not to seize this opportunity to invest now in more recipients' skills will be made be state level policymakers.

National Survey Finds Renewed Interest in Education.

A recent *National Adult Education Professional Development Consortium* survey of 25 states, "Welfare Reform Survey: Initial Indicators from the States," found renewed interest in basic skills, even among states that initially turned away from education.

Among states reporting continued reliance on basic skills instruction as a plank in welfare reform, the survey found that some have been successful in continuing to offer stand-alone education activities, including GED instruction. The trend, however, is towards "work first" approaches and away from up-front basic skills instruction. States relying primarily on postsecondary institutions or vocational centers to deliver basic skills instruction are more easily integrating education and work experience than states relying primarily on community-based organizations and volunteers.

Lastly, for basic skills to achieve a higher profile in welfare reform in all states, the survey recommends identifying successful models and showcasing them at national, regional, state, and local technical assistance meetings. It defines "successful" as reaching prescribed benchmarks -- including meeting qualifying criteria to advance along the path to employment, securing placements in jobs, and being backed by accurate data that includes sufficiently large numbers to make the case. *(For a copy of survey findings, contact The National Adult Education Professional Development Consortium at 202/624-5250.)*

II. LOOKING AHEAD: LONG-TERM IMPACT OF WELFARE REFORM

TANF's five-year time limit on welfare assistance is likely to create a whole new group of potential customers for literacy services. First, it is likely that many of the jobs found by recipients will be in low paying positions that have limited potential for advancement. In order to move ahead and provide for their families, many adults will want and need literacy and basic skills services even after leaving welfare.

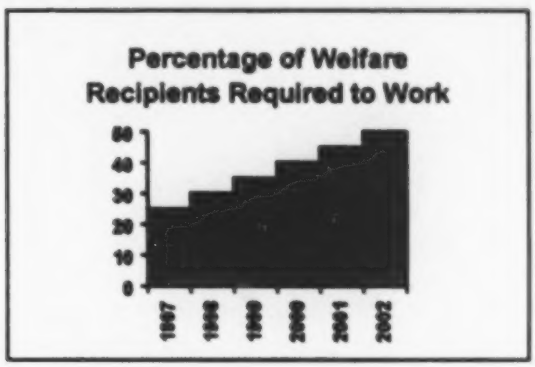
Second, recipients with stronger educational backgrounds will likely be the first to acquire jobs and move off the welfare roles. As time goes on, recipients with greater literacy needs will feel increasing pressure to find work. The longer term welfare recipients are generally less educated than other recipients and will likely put additional demands on the adult education and literacy delivery system.

While the need for adult education and literacy services will increase, time limits and restrictions on how such services count toward work rates will mean delivering services differently. Future adult education services for recipients will need to be shorter, more intensive, and more closely tied to work.

New Work Requirements Could Increase Enrollments.

This law's work requirements could lead to a substantial increase in adult education enrollment in 1999 and beyond, because at that time federal law allows all states to count participation in education activities towards the work requirement for more recipients.

The law requires each state to enroll a rising percentage of welfare recipients in work activities for increasing amounts of time or face losing a portion of its federal funding. Beginning in 1997, the law requires one-quarter of welfare recipients in each state to work. The percentage of recipients who must work increases each year through 2002, when 50 percent are required to work.

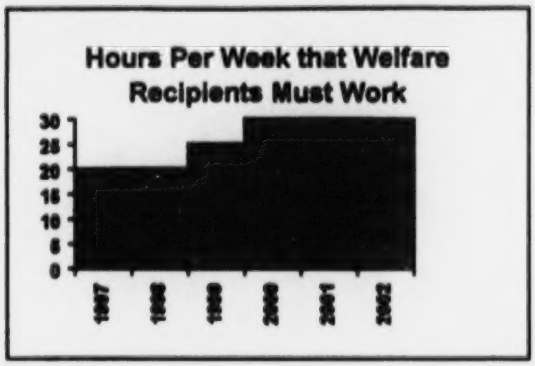


Between 1997 and 2002, there will be changes in both the amount of time required for work and the definition of work. In terms of time, in 1997 and 1998, a recipient must work at least 20 hours for work to count towards the state's work requirement. In 1999, this increases to 25 hours per week, and from 2000-2002, recipients must work 30 hours per week.

In terms of the definition of work, in 1997 and 1998, recipients may satisfy the work requirement by participating in any of the following activities: unsubsidized employment, subsidized private or public sector employment, on-the-job training, community service, and providing child care to an individual participating in community service. Job search and vocational educational training count within certain limits. Beginning in 1999, the hours of work beyond the initial 20 may also be satisfied by the following:

- education directly related to employment (for recipients without a high school diploma or GED),
- job skills training directly related to employment, and
- satisfactory attendance at secondary school or in a GED preparation course.

For example, in 1999, 35 percent of the welfare caseload in each state must be working at least 25 hours per week, and time spent in adult education and literacy activities beyond the initial 20 hours of work per week *will* count as work for the entire caseload. This means that in 1999 many welfare recipients will likely seek out at least five per week of adult education and literacy instruction. In 2000-2002, demand for adult education services may increase further, because a growing percentage of the caseload is required to work 30 hours per week, and 10 of those hours may be education and training, including literacy.



In sum, states have to place an increasing percentage of their caseloads in a work activity, but two modifications allow states to improve the skills of recipients and still count that activity as work. First, they can broadly define "vocational educational training" to include successful models of basic skills education and training and apply the 20 percent cap to their whole caseload so more recipients can enroll in these services while still counting towards the work requirement. Second, after 1998, states can combine education, training, and work for every recipient counted towards the work requirement. The bottom line is clear: after five years of TANF assistance, all recipients will have to support themselves. The clock is already ticking, and the best way the adult education and literacy field can help is to keep this in mind as we plan and administer all our classes and services. We also must plan for the possibility of increased enrollments as the law's effects are felt by more recipients. The only way we can genuinely assist recipients in preparing for a future without welfare is by providing services that help them develop the skills needed for long-term self-sufficiency in the quickest possible way.

CORRECTION: The February 15 Policy Update reported that National Programs were not funded in fiscal 1997 and 1998. Although not funded as a line item, National Programs received $4.9 million in FY97 and $2.6 million in FY98 through the Department of Education's budget.

To be added to the Policy Update mailing list, send an email with your name and address to staff asst@nifl.gov or call 202/632-1500 and choose option 6.